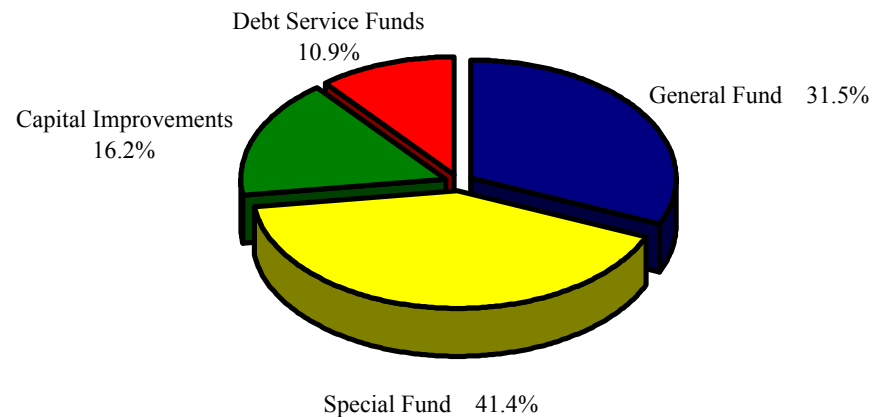


Composite Summary

Composite Summary - Total Budget

City of Saint Paul: All Funds			
Composite Plan	2003 Actual Budget	2004 Adopted Budget	2005 Adopted Budget
General Fund (Operating)	164,512,325	154,485,497	158,348,049
Special Fund (Operating)	177,382,793	194,303,841	208,569,685
Capital Improvements	81,008,001	82,965,000	81,719,000
Debt Services Funds	38,566,025	55,760,841	54,706,536
Total Budgets (Unadjusted)	<u>461,469,144</u>	<u>487,515,179</u>	<u>503,343,270</u>
Less Transfers	(32,493,278)	(38,562,709)	(46,978,777)
Less Subsequent Year Debt	<u>0</u>	<u>(21,588,842)</u>	<u>(20,826,175)</u>
Adjusted Financing Plan	<u><u>428,975,866</u></u>	<u><u>427,363,628</u></u>	<u><u>435,538,318</u></u>

Composite Summary - Total Budget 2005 Adopted Budget



Composite Summary - Workforce

City of Saint Paul: All Funds
Full Time Equivalents (FTEs)

Department	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget
Attorney	67.5	65.8	66.8
Citizen Services	12.0	9.0	8.5
Council	29.4	25.5	27.7
Debt Service Fund	2.5	2.4	2.0
Financial Services (b)	27.0	44.2	44.2
Fire and Safety Services	476.5	459.6	464.6
General Government Accounts	1.1	1.1	0.1
StP-RC Health	67.2	64.1	60.1
Human Resources (c)	33.1	31.2	32.9
Human Rights	10.5	7.0	7.2
Libraries (a)	179.1	0.0	0.0
License, Inspection and Env. Protection	114.7	107.6	107.5
Mayor's Office	15.0	14.8	15.0
Neighborhood Housing & Property Improvement	34.8	32.2	34.2
Parks and Recreation	477.5	472.0	532.1
Planning and Economic Development	109.6	91.5	92.2
Police	780.4	745.9	744.6
Public Works (e)	420.1	434.3	435.9
Office of Technology (b, c, d)	122.1	68.2	72.9
Total	<u>2,980.1</u>	<u>2,676.4</u>	<u>2,748.5</u>
Total General Fund	<u>1,957.8</u>	<u>1,658.6</u>	<u>1,684.8</u>
Total Special Fund	<u>1,022.3</u>	<u>1,017.8</u>	<u>1,063.7</u>

(a) Saint Paul Libraries became their own agency (The Library Agency) effective in 2004. It is no longer a part of the City of Saint Paul's operating or debt service budgets.

(b) Contract and Analysis Services moved from Office of Technology to Financial Services in 2004.

(c) Risk Management moved from Office of Technology to Human Resources in 2004.

(d) Real Estate moved from Office of Technology to Public Works in 2004.

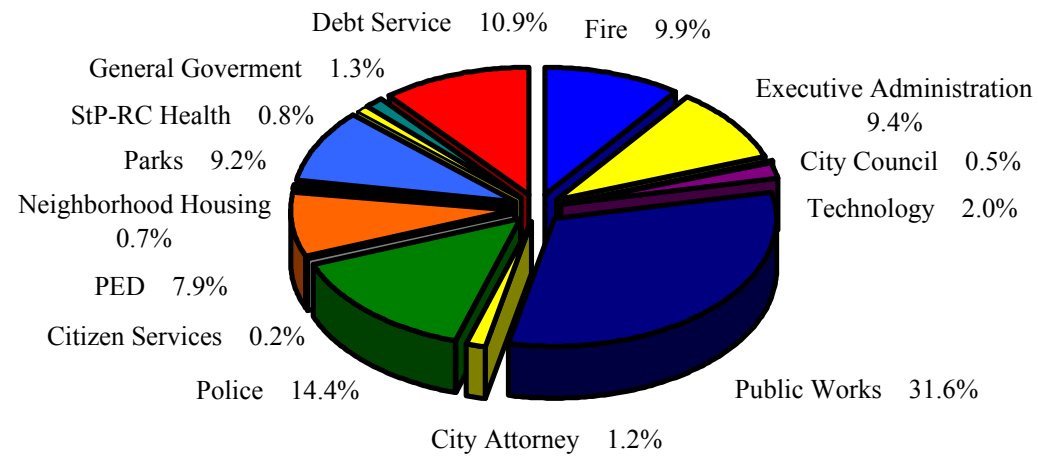
Composite Spending - By Department

2005 Adopted Budget (By Department and Fund Type)					
Department	General Fund	Special Funds	Debt Service	Capital Budget	Total All Budgets
Attorney	5,258,531	971,928			6,230,459
Citizen Services	834,862				834,862
Council	2,262,044	62,005			2,324,049
Debt Service			54,706,536		54,706,536
Financial Services	1,880,514	13,216,676		15,556,000	30,653,190
Fire and Safety Services	42,222,986	3,864,764		3,673,000	49,760,750
General Government Accounts	6,273,396				6,273,396
StP-RC Health		3,997,722			3,997,722
Human Resources	3,123,503	50,000			3,173,503
Human Rights	520,361	79,119			599,480
Libraries (a)					0
License, Inspection, and Environ. Prot.	732,857	10,399,339			11,132,196
Mayor's Office	1,361,039	623,730			1,984,769
Neighborhood Housing & Property Impr.	2,709,743	821,010		200,000	3,730,753
Parks and Recreation	22,435,374	19,172,278		4,890,000	46,497,652
Planning and Economic Development	109,083	20,829,468		18,650,000	39,588,551
Police	60,589,972	11,888,177			72,478,149
Public Works	2,257,436	118,264,162		38,750,000	159,271,598
Technology	5,776,348	4,329,307			10,105,655
Total	158,348,049	208,569,685	54,706,536	81,719,000	503,343,270

(a) Saint Paul Libraries became independent (the Library Agency) effective in 2004 and is no longer a part of the City of Saint Paul's operating and debt service budgets.

Composite Spending - By Department

2005 Adopted Budget



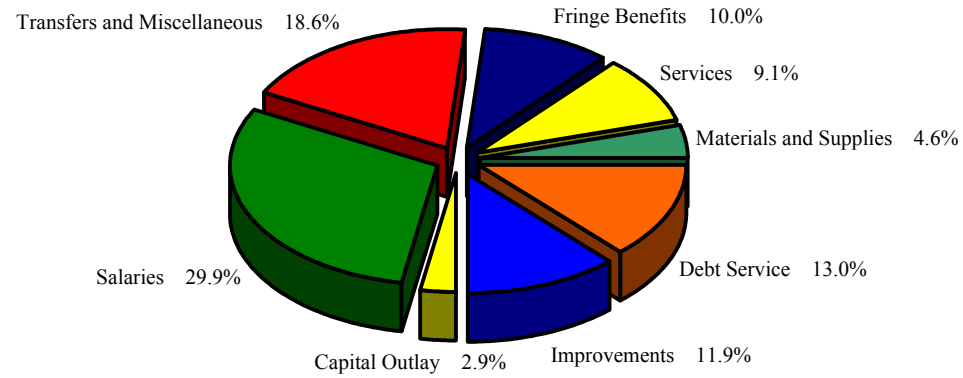
Composite Summary - Spending and Financing

Council Adopted Spending Summary (2005 Spending by Major Object)					
Object	General Fund	Special Fund	Debt Service	Capital Budget	Total
Salaries	96,009,819	54,470,131	131,202		150,611,152
Services	14,358,446	31,609,177	81,982		46,049,605
Materials and Supplies	7,327,070	15,869,367	6,793		23,203,230
Fringe Benefits	31,999,414	18,052,578	40,372		50,092,364
Transfers and Miscellaneous	5,591,032	62,592,409	426,987	24,959,766	93,570,194
Debt Service	1,255,618	9,959,168	54,019,200		65,233,986
Improvements	5,329	3,175,089		56,759,234	59,939,652
Capital Outlay	<u>1,801,321</u>	<u>12,841,766</u>			<u>14,643,087</u>
TOTAL	158,348,049	208,569,685	54,706,536	81,719,000	503,343,270

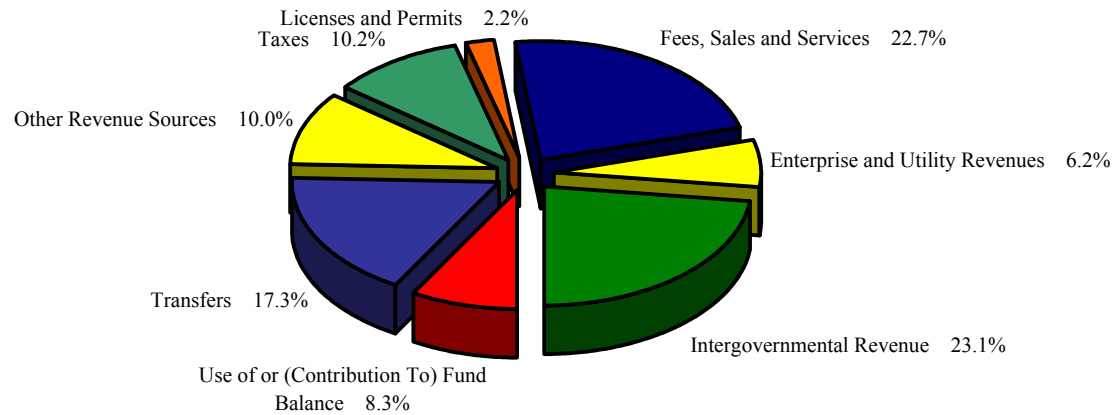
Financing Summary (2005 Revenue By Source)					
Source	General Fund	Special Fund	Debt Service	Capital Budget	Total
Use of or (Contribution to) Fund Balance	6,944,853	12,104,896	23,026,279		42,076,028
Transfers	13,971,909	11,437,800	13,238,587	48,224,000	86,872,296
Taxes	43,245,113	1,773,700	6,271,783		51,290,596
Licenses and Permits	864,443	10,045,459			10,909,902
Intergovernmental Revenue	57,574,719	25,872,467	426,038	32,368,000	116,241,224
Fees, Sales and Services	14,236,716	100,008,435			114,245,151
Enterprise and Utility Revenues	18,532,296	11,978,665	880,000		31,390,961
Other Revenue Sources	<u>2,978,000</u>	<u>35,348,263</u>	<u>10,863,849</u>	<u>1,127,000</u>	<u>50,317,112</u>
TOTAL	158,348,049	208,569,685	54,706,536	81,719,000	503,343,270

Summary - Spending and Financing

2005 Spending By Major Object



2005 Revenue By Source



General Fund

General Fund

2005 Adopted Budget

Purpose: One of four major budget categories, the general fund is the principal financial support for such basic city services as the police and fire departments, parks and recreation, and public works (i.e., streets, bridges, engineering and traffic). The major financing sources for this fund are property taxes, local government aid, franchise fees, and other revenues not dedicated to a specific purpose. The tables and graphs on the following pages detail the spending and financing plan adopted for this fund in 2005.

Financing Highlights:

The major financing sources for this fund are:

- Property taxes - 26.6%
- State aids (incl. Local Government Aid) - 36.0%
- Franchise fees - 11.3%
- Other revenues, aids, and user fees - 26.1%

From 1994 through 2003, the City property tax levy has been kept equal to or less than the levy of the prior year, so other revenues, aids and user fees have financed a slightly larger portion of the general fund budget. In 1994, property taxes contributed to 32.4 percent of the budget and other revenues and fees supplied 12.2 percent. From 1994, through 2002, state aids, at about 45 percent and franchise fees at 10 percent, have stayed fairly consistent with respect to their level of general fund financing. Proportions changed radically in 2003 when significant reductions in State paid aids occurred. Major sources for the growth since 1994 in other revenues have been interest earnings, fine revenues, paramedic fees, and the use of fund balances.

Financing Highlights:

Certified Local Government Aid (LGA): The nature of the state's economy, and the State of Minnesota's fiscal issues has had a tremendous impact on the City's reliance on State provided local government aid to cities (LGA). Reductions in State paid aids began in 2003. Saint Paul's portion of State LGA has been reduced from a certified level for 2003 of \$76,129,865 to a revised level for 2003 of \$63,082,264. St. Paul's LGA has been further reduced for 2004 to \$56,488,168 and for 2005, LGA is expected to again be reduced to \$53,151,835 under State policy enacted by the 2003 Legislature. LGA for 2005 will be \$22,978,030 (30%) below the 2003 certified level. Beginning in 2004, LGA has been split between the City budget (\$48,184,944) and the Independent Library Agency (\$4,966,891).

Property Tax Relief: This budget continues the practice of using a planned portion of the fund balance for property tax relief. In 1994, the Mayor and City council initiated a tax policy designed to keep Saint Paul taxes affordable. Property tax revenues for Saint Paul City government have been held constant, or have been reduced, in each of the last eleven years. The 2005 City levy proposal will continue that trend for a twelfth year. A portion of the city levy and the city levy financing was shifted to the Library Agency budget in 2004, and the practice will continue in 2005. The City and Library Agency will share equally in the burden of any uncollected payable 2005 levy.

Fund Balance: Dollars from the fund balance that have been designated for property tax relief again have been applied to finance this budget and avoid an increase in the City's property tax levy. The planned, regular use of fund balance for the 2005 operating budget remains the same as the 2004 level. The regular amount of fund balance used as financing for the 2005 proposed budget is 3.4 percent of the total budget (city government and library combined). In addition, managed savings from

a spending restraint plan in 2004 will be carried over into 2005 and applied as fund balance financing in 2005. The total amount of fund balance (the regular 2005 amount plus the savings from 2004) used as financing for the 2005 proposed budget is 4.0 percent of the total budget (city government and library combined).

City Franchise Fees: The estimated 2005 financing level will remain the same as in 2004, with the estimate based on original projections adjusted for 2003 and 2004 current collections.

General Fund Interest Earnings: Interest estimates are projected to increase by \$347,000 from 2004 to 2005 based on assumptions of investment balances (including Cultural STAR) and interest rates.

Spending Highlights:

Rate of Growth: Saint Paul's general fund budget has grown by \$3,862,552, or 2.5%, from \$154,485,497 in 2004 to \$158,348,049 in 2005. However, the 2005 general fund budget is still significantly less than it was in 2003. In 2003, the general fund budget was \$163,890,162 (as adjusted for the Library Agency). Saint Paul's general fund budget has been reduced by \$5,542,113, or 3.5%, from \$163,890,162 in 2003 (as adjusted) to \$158,348,049 in 2005.

Wage Increases: Salaries and benefits are the most significant cost in the City's operating budgets. The 2005 base budget includes planned salaries and the anticipated growth in the city costs of employee insurance and other fringes.

City Attorney: The adopted general fund budget is \$5,258,531, a 1.6% increase from the 2004 adopted budget. The general fund budget increased as a result of moving one full-time employee from the special fund to the general fund. This shift provides permanent funding for a Community Prosecutor position which works collaboratively with various city neighborhood groups and is considered an essential member of the community policing team. Additionally, continuance for dismissal revenues are expected to grow by approximately \$139,000 as the result of an increase in the charged fee from \$100 to \$130.

City Council: The adopted general fund budget for 2005 is \$2,262,044, which is a \$45,679 increase from the \$2,216,365 adopted 2004 budget. The 2005 budget proposal includes the addition of a Council Policy Analyst position, funding for an Urban Fellow position and a slight increase in miscellaneous spending.

Citizen Service Office: The budget for the Citizen Services' Office is \$834,862, a 23.3% reduction from the 2004 adopted budget of \$1,089,275. Reductions are mainly in marketing and promotions spending.

Financial Services: The budget for the Office of Financial Services is \$1,880,514, which is a decrease of \$30,571 from the adopted 2004 budget. Spending for a vacant FTE, responsible for Treasury counter work, was eliminated; but spending was added to fully fund the Vendor Outreach Program Coordinator position. These and other changes resulted in an overall decrease of 0.4 FTEs.

Fire Department: Fire's adopted general fund budget for 2005 is \$42,222,986, and is up \$2,389,828, or 6.0% from the adopted 2004 budget of \$39,833,158. The adopted budget increases the 2004 staff complement by adding funding for 5 fire fighter positions in 2005. So, 9 of the 14 vacant fire fighters positions removed from the budget in the 2003 reduction plan are not included in the 2005 budget. The budget will include a 10% increase in paramedic transport rates, raising \$728,640 to support the Fire Department. The transport rate will increase from \$922 in 2004 to \$1,014 in 2005. The cost of an ambulance replacement (\$270,000) removed in 2004 has been added back to the base for 2005. On top of this, an additional amount (\$275,000) has also been added to the Fire Department budget for 2005 to help accelerate the turnover of fire trucks and equipment, and reduce the age of the fleet. One half of the costs for a major test for fire candidates has been included in this budget. \$100,000 of relocation costs related to Fire Station 8 have also been anticipated in the budget. Part of the increase in the 2005 Fire budget is related to a City policy change regarding the direct recording of workers' compensation costs in department budgets for 2005. Inflation on materials, services and equipment was also included in the 2005 Fire budget.

General Government: The budget for the non department related general government accounts is \$6,273,396, a 5.2% change from the 2004 adopted budget of \$5,962,766.

Human Resources: The general fund budget for Human Resources for 2005 is \$3,123,503, and is up \$112,867, or 3.7% from the 2004 budget of \$3,010,636. Overall, staff position FTEs have increased from 31.2 in 2004 to 32.9 in 2005, a change of 1.7 for Human Resources. The workers' compensation administrator has been shifted from the fringe allocation charge into the Human Resources budget, and an employee applicant recruiter position has been added to promote diversity of the City's workforce. One half of the costs for a major test for fire candidates has been included in this budget. To increase department accountability, the budget for the costs of workers' compensation was shifted from the indirect fringe allocation charge as a direct expense into the general and special fund budgets of the department responsible for the action that lead to any claims.

Human Rights: The adopted budget totals \$520,361, and maintains the same staffing level as in 2004.

License, Inspection, and Environmental Protection (LIEP): LIEP's Animal Control Division is its only general fund activity. Animal Control's adopted 2005 budget is \$732,857, and supports the same staffing level as in 2004.

Libraries: The Library budget is no longer included in the City's budget documents. The Library budget will be published as a separate budget book since the Library has become an independent agency.

Mayor's Office: The Mayor's Office budget for 2005 is \$1,361,039, as compared to the 2004 adopted budget of \$1,294,963. This budget provides additional funding for miscellaneous expenditures.

Neighborhood Housing and Property Improvement (NHPI): The adopted budget for Neighborhood Housing and Property Improvement is \$2,709,743. This office's general fund spending budget increased by \$263,166 over the 2004 adopted budget of \$2,446,577. The budget increases were for two Public Works' right-of-way code inspectors and

a new housing inspector. Additionally, \$97,000 of staff costs were transferred to the General Fund from a Community Development Block Grant (CDBG) activity because the staff costs are ineligible expenses for CDBG funding.

Parks: The Parks and Recreation general fund budget is \$22,435,374, and is \$701,722, or 3.2% more than the 2004 adopted budget. This increase is primarily due to the addition of \$575,000 to the utilities budget, including added utility costs for the newly constructed Visitor and Education Resource Center (VERC), scheduled to open in 2005. The City Council added \$85,000 for recreation center hours, so Parks' FTE position count increased by 2.3 rec center leaders. The Parks general fund FTE complement for 2005 is 297.1 compared to 295.2 for 2004.

Planning and Economic Development: In 2004, the City's general fund was eliminated as a financing source to support the PED operations fund. The adopted 2005 budget of \$109,083 consists of an annual \$78,483 repayment to the Community Development Block Grant fund and \$30,600 for Historic Preservation staff in LIEP.

Police Department: The general fund budget for the Police department is \$60,589,972 for 2005, compared with \$57,884,518 for 2004. This is an increase of \$2,705,454. The budget allows for full funding of regular salaries and fringes for 559.0 sworn personnel in 2005, and includes the addition of \$1,156,209 for a tentative contract settlement package, \$19,606 increase for overtime, and the planned transfer of a 0.6 FTE police officer from the Police Assets fund to the general fund. The Police Department also limited the increase of the budget by: holding back on the inflationary growth to its services, materials and equipment budget line items; recognizing that some savings will be generated through attrition; and realizing savings from the lease-financing of police vehicles. The 2005 budget adjusts the level of permanent sworn positions budgeted from 562.3 FTEs in 2004 to 559.0 FTEs in 2005, reflecting reductions in state (Gang Strike Force) and federal (School Resource) grants. The number of sworn positions budgeted in the general fund is 526 FTEs, up 6 from the 519.4 in 2004.

Public Works Department: The 2005 general fund budget for Public Works is \$2,257,436, a 56.5% decrease from the 2004 adopted budget of \$5,184,354. This reduction is due to moving the costs for street lighting maintenance from the general fund where it has been funded by property taxes to a special fund, including it in the right-of-way maintenance which is supported with assessment revenue. This change provides a more stable revenue flow, allows the city to properly maintain street lights, and distributes the cost for street lighting maintenance to all properties within the city. Additionally, general fund support for graffiti cleanup (\$34,954) was eliminated and moved to the special fund.

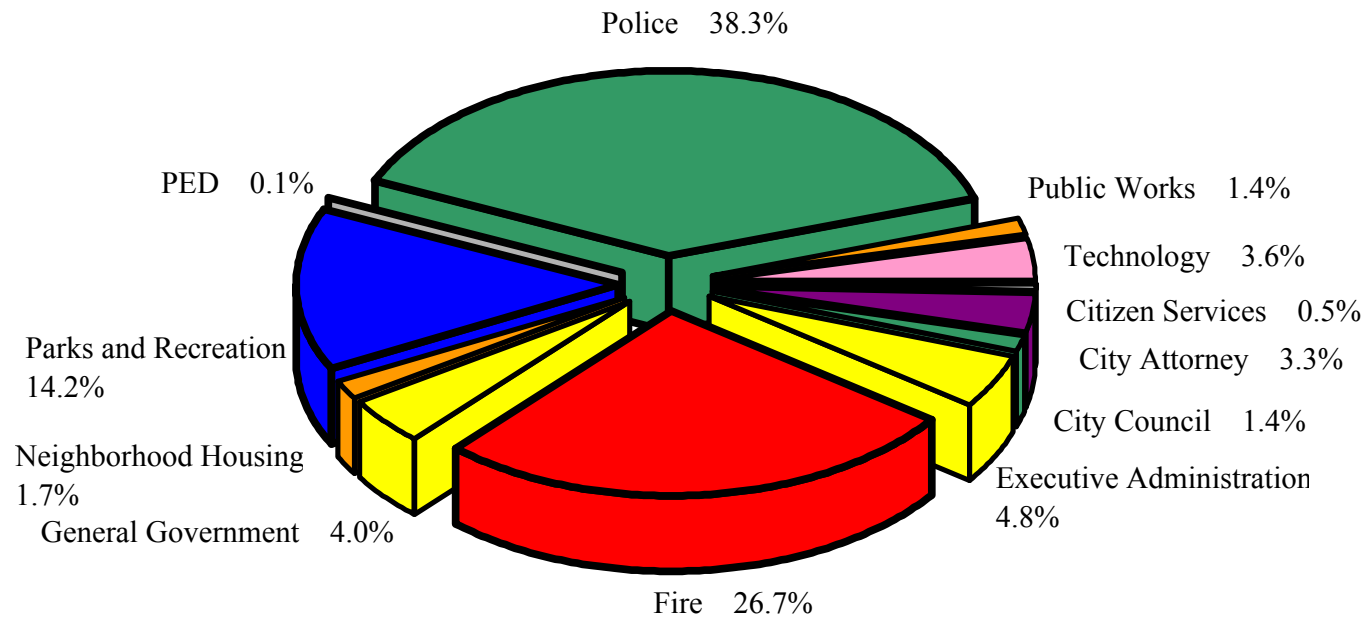
Technology: The general fund budget is \$5,776,348, a 7.3% increase from the 2004 adopted budget of \$5,383,083. The budget reflects additional funding of \$264,470 for equipment replacement, equipment and a citywide upgrade to MS Office, funding for additional staff to respond to increased desktop support needs, web development and software and security support, and the carryover of \$100,000 from the 2004 budget for work related to a 311 citizen response phone system.

General Fund Budget

General Fund Spending (By Department)			
Department/Office	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Attorney	5,030,828	5,177,975	5,258,531
Citizen Services	3,522,843	1,089,275	834,862
Council	1,963,116	2,216,365	2,262,044
Financial Services	1,533,272	1,911,085	1,880,514
Fire and Safety Services	38,843,171	39,833,158	42,222,986
General Government Accounts	7,334,619	5,962,766	6,273,396
Human Resources	2,419,575	3,010,636	3,123,503
Human Rights	631,805	532,632	520,361
Libraries	11,316,692	0	0
License, Inspection, and Environmental Protection	761,010	735,975	732,857
Mayor	1,110,875	1,294,963	1,361,039
Neighborhood Housing and Property Improvement		2,446,577	2,709,743
Parks and Recreation	21,853,684	21,733,652	22,435,374
Planning and Economic Development	793,278	108,483	109,083
Police	54,885,619	57,884,518	60,589,972
Public Works	4,984,208	5,184,354	2,257,436
Technology	7,527,730	5,363,083	5,776,348
Total	164,512,325	154,485,497	158,348,049

General Fund Budget

2005 Spending by Department



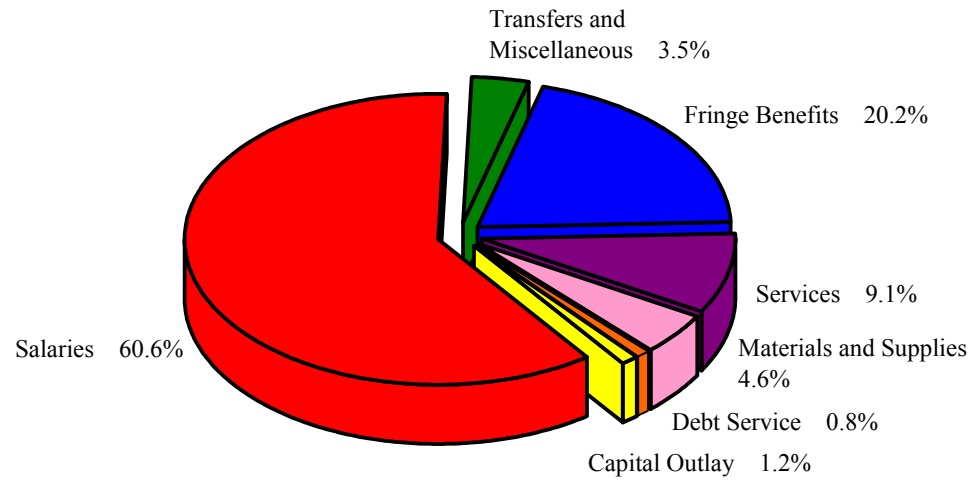
General Fund Budget

General Fund Spending (By Major Object)			
Object	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Salaries	99,686,386	93,488,168	96,009,819
Services	17,224,913	16,063,112	14,358,446
Materials and Supplies	9,169,048	7,637,294	7,327,070
Fringe Benefits	30,290,126	29,240,234	31,999,414
Transfers and Miscellaneous	6,106,202	5,191,086	5,591,032
Debt Service	939,892	1,255,618	1,255,618
Street, Sewer, Bridge Improvement	0	5,329	5,329
Capital Outlay	<u>1,095,758</u>	<u>1,604,656</u>	<u>1,801,321</u>
Total	164,512,325	154,485,497	158,348,049

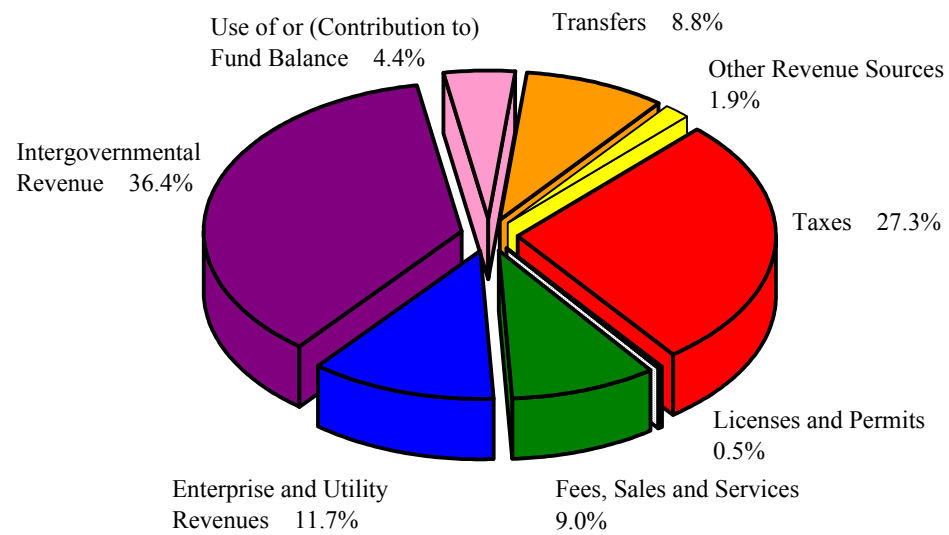
General Fund Financing (Revenue By Source)			
Source	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Use of or (Contribution to) Fund Balance	0	5,844,853	6,944,853
Transfers	9,924,973	9,461,732	13,971,909
Taxes	40,967,773	42,628,080	43,245,113
Licenses and Permits	918,350	884,320	864,443
Intergovernmental Revenue	76,195,713	60,693,655	57,574,719
Fees, Sales and Services	12,381,517	13,321,194	14,236,716
Enterprise and Utility Revenues	17,576,898	18,262,628	18,532,296
Other Revenue Sources	<u>3,361,495</u>	<u>3,389,035</u>	<u>2,978,000</u>
Total	161,326,719	154,485,497	158,348,049

General Fund Budget

2005 Spending By Major Object



2005 Revenue By Source



General Fund Budget

General Fund Balances (Revenues & Sources and Expenditures & Uses of Funds)					
	2001 Actual	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Beginning Balances	45,598,034	43,723,326	40,989,467	37,844,899	32,000,046
Revenues and Sources					
Transfers In	6,394,120	6,127,135	9,924,973	9,461,732	13,971,909
Property Taxes	43,223,400	40,234,966	40,107,165	41,595,440	42,086,653
Other Taxes	1,226,682	1,019,448	860,608	1,032,640	1,158,460
Licenses and Permits	830,452	825,604	918,350	884,320	864,443
Intergovernmental	82,281,292	87,171,712	76,195,713	60,693,655	57,574,719
Fees, Sales and Services	9,997,805	10,894,816	12,381,517	13,321,194	14,236,716
Franchise Fees	16,842,474	17,839,903	17,576,898	17,730,603	17,840,511
Interest Earned:					
On Investments	4,591,495	3,858,336	2,580,966	2,901,500	2,631,365
On Securities Lending Transactions - (a)	2,116,420	1,195,386	1,026,717	75,000	0
Inc (Dec) in Fair Market Value of Investments	1,303,250	1,501,900	(855,330)		
Miscellaneous	742,759	701,956	609,142	944,560	1,038,420
Total	169,550,149	171,371,162	161,326,719	148,640,644	151,403,196
Expenditures and Uses (b)					
Attorney	4,465,420	4,680,207	5,030,828	5,177,975	5,258,531
Citizen Services	3,550,362	3,633,061	3,522,843	1,089,275	834,862
Council	2,016,334	2,107,493	1,963,116	2,216,365	2,262,044
Fire and Safety Services	37,470,391	37,735,550	38,843,171	39,833,158	42,222,986
General Government Accounts - Miscellaneous	8,984,461	7,935,087	7,334,619	5,962,766	6,273,396
Health	0	0	0	0	0
Libraries	10,526,113	11,051,469	11,316,692	0	0
Executive Administration - (c)	7,998,174	8,039,215	6,456,537	7,485,291	7,618,274
Neighborhood Housing and Property Improvemen	0	0	0	2,446,577	2,709,743
Parks & Recreation	24,052,256	24,427,975	21,853,684	21,733,652	22,435,374
Planning and Economic Developmen	1,318,151	1,097,105	793,278	108,483	109,083
Police	54,044,836	55,356,250	54,885,619	57,884,518	60,589,972
Public Works	9,856,624	9,723,848	4,984,208	5,184,354	2,257,436
Technology and Management Services - (d)	7,082,689	7,673,403	7,527,730	5,363,083	5,776,348
Fringe Benefits - (e)	0	0	0	0	0
Interest on Securities Lending Transactions - (a)	0	0	0	0	0
Total (d)	171,365,811	173,460,663	164,512,325	154,485,497	158,348,049
Ending Balance					
Reserved	5,533,669	5,613,140	5,334,613	5,275,000	5,100,000
Designated	37,987,718	35,145,424	32,172,784	26,275,000	19,750,000
Undesignated	201,939	847,768	337,502	450,046	205,193
Total (f)	43,723,326	41,606,332	37,844,899	32,000,046	25,055,193

- a) The 2005 adopted financing and spending budgets for Securities Lending Transactions will be amended when the actual amounts are known and available
- b) For 2001 - 2005, no adjustments have been made to the historic expenditures and uses data to reflect any movement of organizational units among and between department
- c) Executive Administration includes: Financial Services, Human Resources, Human Rights, License Inspection and Environmental Protection, and Mayor's Office
- d) The 2004 and 2005 Budget columns on this page do not include "Advances to Other Funds" and "Petty Cash Advances".
- e) Prior to 1996, fringe benefits were recorded centrally, and after that they were recorded as amounts in the departments
- f) Based on the 2001 - 2003 experience, the actual ending total balance for 2004 - 2005 will be greater than the listed budget ending total balance

Special Funds

Special Funds

2005 Adopted Budget

Highlights:

The City has 51 special funds totaling \$209 million. The total excludes Regional Water Services, the St. Paul Public Libraries Agency, and RiverCentre special funds, which are submitted as separate budgets. Significant changes are indicated as follows:

City Attorney Outside Services (Fund #025): The budget recognizes the transfer of one FTE to the general fund portion of the City Attorney's budget which was funded with a one-time funding source in 2004. This shift provides permanent funding for a Community Prosecutor position which works collaboratively with various city neighborhood groups and is considered an essential member of the community policing team. Also, the budget for 2005 includes the addition of an attorney specifically to provide legal services internally.

Property Code Enforcement (Fund #040): This budget recognizes that the City will continue to aggressively enforce the registration of rental properties as required by the legislative code to ensure that one- and two-family non-owner occupied rental properties do not become problem properties. \$97,000 of staff costs were transferred to the General Fund from a Community Development Block Grant (CDBG) activity because the staff costs are ineligible expenses for CDBG funding.

Special Projects: General Government Accounts Fund (Fund #050): The budget transfers approximately \$4.7 million of special funds' central service costs to the general fund and recognizes the addition of \$603,730 in grants and donations to support the Mayor's education initiative.

Cable Communications (Fund #166): The City receives a franchise fee from the cable operator, which is based on five percent of the cable company's gross revenues. The current revenue projection shows a small net decrease based on rate increases and a small decline in overall subscriber numbers. Three grants totaling \$671,000 will also be received. Their use is restricted to capital public, educational and governmental (PEG) purposes or costs related to the City's institutional network (I-Net).

Public Works (Funds 205, 225, 230, 231, 232, 240, 245, 250, 255 and 260): Changes in the Public Works funds are primarily due to the following issues: 1) spending reductions in data conversion costs and implementation of the Computerized Maintenance Management System, 2) a significant change in the way Public Works allocates overhead functions to operating divisions and reducing the cost of administration, and 3) a 2% inflationary increase in services, equipment and supplies.

Street Repair and Cleaning (Fund #225): The fund manages the right-of-way assessment function by processing public improvement assessments as well as operations and maintenance service charges. The budget moves costs for street lighting maintenance from the general fund to this special fund, which includes lighting maintenance and right-of-way maintenance. This provides a more stable revenue flow, allows the City to properly maintain street lights, and distributes the cost for such maintenance to all properties within the City. The City Council made the following budget changes: transferred funding for two inspectors to Neighborhood Housing and Property Improvement, provided funding for a salt shed (\$600,000), increased funding for right-of way tree trimming (\$80,000), increased funding for settlements to recognize inflationary costs, lowered the proposed increase in funding for street light maintenance (\$200,000) and Computerized Maintenance Management System contingency (\$48,825), and increased use of fund balance which collectively resulted in a reduced Right-of-Way Assessment rate.

Parking Meter Collection and Fines (Fund #230): This fund includes collection of revenues from parking meters, parking fines and traffic fines. Transfers are made to the Police Department's special fund for Surface Parking Enforcement and to the City's general fund. The adopted budget of \$5,813,985 includes an increase of \$3,110,915. The increase primarily reflects shifting parking and traffic fines to this fund for consistency and the need to be in compliance with bond requirements.

Solid Waste & Recycling (Fund #232): Coordination of solid waste ordinance enforcement, contracts oversight related to recycling services with various neighborhood groups, and working with refuse haulers and neighborhoods on refuse collection issues is the focus of this fund. The 2005 budget includes a 1.5% increase in recycling charges to cover the cost of inflation and the inherent unpredictability in transforming to two stream collection.. This is an annual increase of .36¢ per household.

Sewer Service Enterprise (Fund #260): Most of the spending for this fund is determined by the Metropolitan Council Environmental Services (MCES) charges and debt service for construction programs under federal and state mandates. This fund includes the continuation of the repayment of water pollution abatement bonds financed by the general obligation debt service fund in the 1970s and 1980s. The repayment is being accelerated using a \$1.1 million rebate from MCES. Additionally, the budget includes increases in Storm Sewer System Charges (1.5%) and Sanitary Sewer Rates (3.0%) to offset increasing costs. The budget also reflects additional spending for major sewer repair and payment of 2004 Revenue Bonds.

Public Health Special Revenue (Fund #305): Public Health Fund #304 was closed out and merged into Fund #305. The budget reflects the number of employees (60.1 FTEs) who are still on the City's payroll.

License and Permit Special Fund (Fund #320): The budget maintains the same FTEs and service levels as in 2004. Additionally, it includes several license and permit fee increases in an effort to cover service costs. Starting in 2005, LIEP will transfer \$127,000 to the City Attorney's Office to fund an attorney position devoted to LIEP.

Parks and Recreation Special Services Enterprise (Fund #325): Adopted spending increases by \$1.2 million in anticipation of the opening, in 2005, of the Highland National 18-Hole Golf Course. FTEs for this fund increase by 14.4 in order to operate the new course. Costs are financed by anticipated golf course revenues.

Parks and Recreation Street Tree Maintenance (Fund #375): Adopted spending increases by \$553,662, supported by assessments (mostly transfers from Public Works Fund 225). Council added \$400,000 for Dutch Elm tree removal and \$80,000 for tree maintenance at intersections.

Parks and Recreation Special Recreation (Fund #380): Spending increases by \$838,526. This is primarily due to costs for the anticipated opening, in 2005, of the Visitor's Education Resource Center. FTEs increased by 15.2 in order to be able to operate the facility.

Police Services (Fund #400): This fund tracks the receipt and use of the Police Public Employee Retirement Association (PERA) pension assets returned to the City under 1999 State legislation. The 2005 budget reflects year six of a ten-year plan and shows a decrease of \$779,767. Costs associated with direct police services, including the compensation for police officers, are planned for in the 2005 budget.

Police Impounding Lot (Fund #435): This fund tracks the finances related to the towing and reclaiming of all towed or abandoned vehicles left on city streets. Some vehicles are sold at auction and some are reclaimed by their owners once the owner pays the appropriate fine.

Police Special Projects (Fund #436): This fund's adopted budget reflects a decrease in spending of \$302,633 as 2004 grants close out and are not expected to be renewed in 2005, new grants come on line in 2005, funding for the State Gang Strike Task Force is reduced, and the new School Resource Officer contract with the Independent School District is implemented, reducing the program from 18 to 12 officers.

Firefighting Equipment Trust (Fund #735): The 2005 budget reflects an increase of \$723,422 based on the new apparatus plan recommended by Fire management. In the past, the department's equipment replacement plan typically replaced one major piece of equipment every other year. With some added funding from the general fund in 2005, the number of replacements should go up and the age of the fleet will begin to decrease.

Parks and Rec Grant (Fund #860): Although fund spending increases by only \$20,455 overall, this is the result of many changes including cutting costs and shifting some to the general fund resulting from the loss of \$173,648 in expected state aid for Regional Parks Operation and Maintenance. Changes also include the addition of the Youth Job Corps Program, which adds new spending of \$400,000 and 27 FTEs. Although this is an existing program, it is the first year it is budgeted in this fund.

Special Fund Budgets

Special Fund Spending (By Department)			
Department	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Attorney	858,706	909,746	971,928
Council	65,434	65,161	62,005
Financial Services Office (a, b)	11,997,048	13,149,806	13,216,676
Fire and Safety Services	2,538,147	3,088,467	3,864,764
StP-RC Health	4,019,767	4,170,953	3,997,722
Human Resources	0	0	50,000
Human Rights	43,163	47,614	79,119
Libraries (c)	1,280,012	0	0
License, Inspection, and Environmental Protection	9,565,209	10,002,816	10,399,339
Mayor's Office	62,245	369,855	623,730
Neighborhood Housing & Property Improvement	501,325	748,377	821,010
Parks and Recreation	18,324,373	16,623,377	19,172,278
Planning and Economic Development (b)	17,685,989	20,573,707	20,829,468
Police	10,377,229	12,931,208	11,888,177
Public Works (d)	94,946,809	108,030,868	118,264,162
Office of Technology (a,d)	<u>5,117,337</u>	<u>3,591,886</u>	<u>4,329,307</u>
Total	177,382,793	194,303,841	208,569,685

Special fund budgets are designed to track revenues and expenditures for specific designated purposes. With some exceptions, special fund budgets are not supported by property taxes. Rather, special fund spending is supported by user fees, assessments, and grants, which are generally restricted in some way. The restrictions require accounting in separate funds, which include operating funds, project funds, debt service funds, and trust funds.

(a) Contract and Analysis Services moved from Office of Technology to Financial Services for 2004.

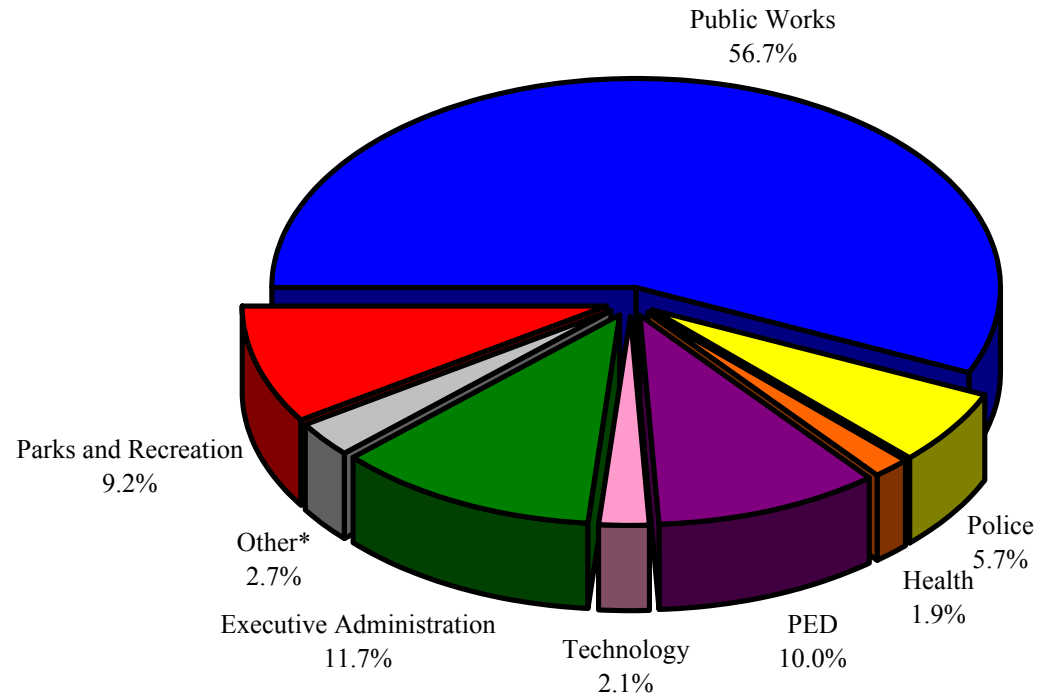
(b) RiverPrint moved from Planning and Economic Development to Financial Services.

(c) Saint Paul Libraries becomes their own agency (The Public Library Agency) effective in 2004 and will no longer be a part of the City of Saint Paul's budget.

(d) Real Estate moved from Office of Technology to Public Works for 2004.

Special Fund Budgets

2005 Adopted Budget



Special Fund Budgets

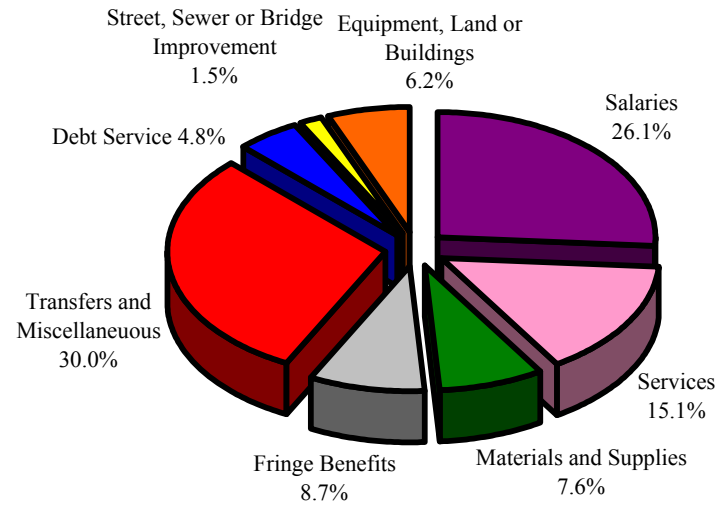
Special Fund Spending (By Major Object)			
Object	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Salaries	47,167,372	53,412,901	54,470,131
Services	27,632,567	29,802,741	31,609,177
Materials and Supplies	12,841,901	14,559,429	15,869,367
Fringe Benefits	15,519,559	17,625,420	18,052,578
Transfers and Miscellaneous	52,344,000	55,045,773	62,592,409
Debt Service	9,722,580	9,300,282	9,959,168
Street, Sewer or Bridge Improvement	3,084,978	3,400,996	3,175,089
Capital Outlay	<u>9,069,836</u>	<u>11,156,299</u>	<u>12,841,766</u>
Total	177,382,793	194,303,841	208,569,685

Special Fund Financing (Revenue By Source)			
Source	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Use of Fund Balance	0	12,176,841	12,104,896
Transfers	10,616,864	7,420,193	11,437,800
Hotel and Motel Taxes	1,604,779	1,616,915	1,773,700
License and Permits	9,133,225	9,981,680	10,045,459
Intergovernmental Revenue	18,479,300	22,689,558	25,872,467
Fees, Sales and Services	91,907,841	100,724,218	100,008,435
Enterprise and Franchise Revenue	7,575,227	10,685,405	11,978,665
Assessments and Other Revenue Sources	<u>28,384,021</u>	<u>29,009,031</u>	<u>35,348,263</u>
Total	167,701,257	194,303,841	208,569,685

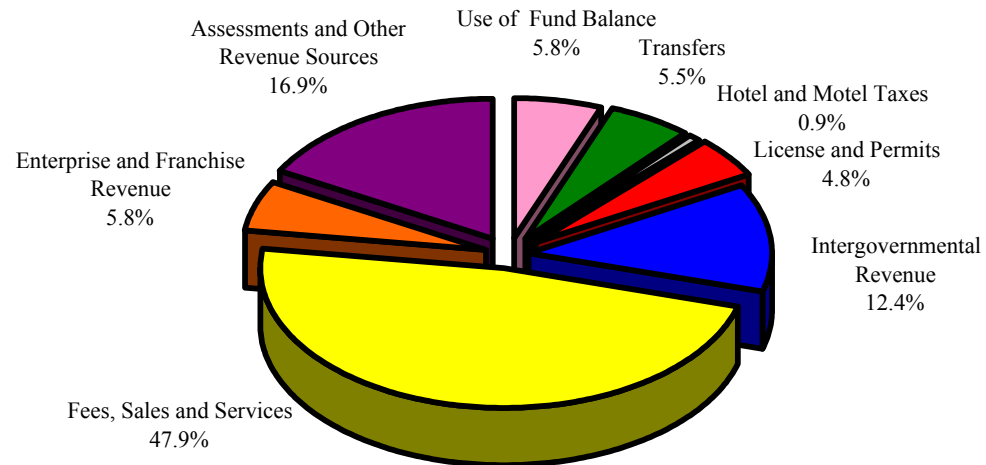
The difference between 2003 spending and financing may be due to use of/contribution to fund balance or accounting reporting requirements. The city is required to report actual annual operating performance in accordance with financial accounting principles. Accounting treatments can cause differences between budget and actual. The following are examples of items that may be treated differently, particularly for proprietary funds: capital project construction, equipment purchases, depreciation and principal payments on debt. Furthermore, the "financing" used to support specific spending or programs may be cash reserves or contributions and not actual revenues of that year.

Special Fund Budgets

2005 Spending By Major Object



2005 Revenue By Source



Debt Service

General Obligation Debt Service Funds Budget

Debt Service Spending (By Major Object)			
Object	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Salaries	139,957	147,582	131,302
Services	14,947	80,374	81,982
Fringe Benefits	44,931	47,766	40,372
Other	1,414,142	289,153	433,780
Debt Service	35,509,676	55,195,966	54,019,200
Equipment, Land, and Buildings	<u>1,442,372</u>	<u>0</u>	<u>0</u>
Total	38,566,025	55,760,841	54,706,636

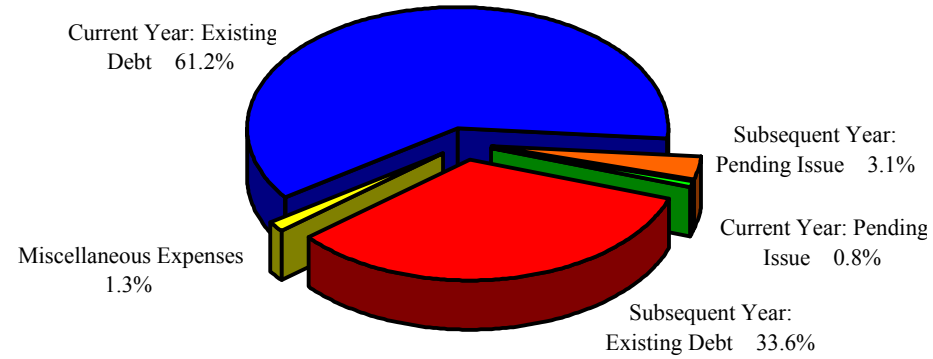
Debt Service Financing (Revenue By Source)			
Source	2003 Actual	2004 Adopted Budget	2005 Adopted Budget
Use of (Contribution to) Fund Balance	0	26,312,277	23,026,279
Transfers	11,445,160	7,889,301	13,238,587
Taxes	17,309,531	10,236,665	6,271,783
Licenses and Permits	0	0	0
Intergovernmental Revenue	1,334,090	4,758	426,038
Fees, Sales and Services	0	0	0
Enterprise and Utility Revenue	1,102,324	910,000	880,000
Other Revenue Sources	<u>13,946,342</u>	<u>10,407,840</u>	<u>10,863,849</u>
Total	45,137,447	55,760,841	54,706,536

The city's general debt service budget provides for the principal and interest payments on its general obligation bond issues. The budget consists of two sets of appropriations: 1) an amount needed to meet the budget year debt service obligations, and 2) an amount needed to meet the obligations of the first half of the following year. Therefore, the amount appropriated for general debt service exceeds the amount actually spent in the budget year. This additional amount remains in fund balance to use as a financing source for the subsequent year's debt service payments. While complicated, this budget structure solves a cash flow problem for the city. The city receives state aids and property taxes mid-year and at the end of the year. If the city did not budget for subsequent year debt service payments, it would lack the cash to make the debt service payments due before the city receives its major cash infusions each year.

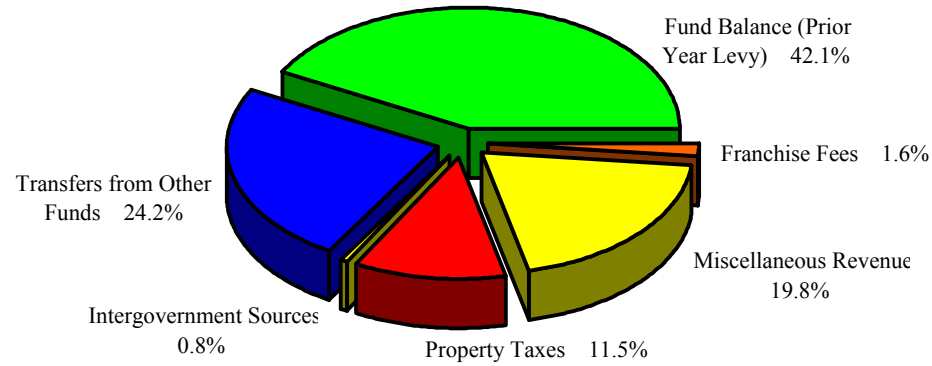
The total 2005 debt service budget is \$54,706,536. \$34,655,361 is for debt service obligations in 2005 (the budget year), and \$20,051,175 is debt service obligations in the first half of 2006 (the subsequent year).

General Obligation Debt Service Funds Budget

2005 Spending by Major Category



2005 Financing by Major Source



General Obligation Debt

Allocation of Revenue to Type of Debt as of December 31, 2004								
	Property Tax Levy	Water and Sewer Charges	Assessments	Tax Increments	Parking Revenue	Other Sources	Self Supporting Total	Total
Capital Improvements	102,000,000					3,815,000 **	3,815,000	105,815,000
Library Bonds	12,280,000						-	12,280,000
Street Improvements			23,175,000				23,175,000	23,175,000
Tax Increment:							-	-
Riverfront Development				8,550,000			8,550,000	8,550,000
Midway Marketplace				5,240,000			5,240,000	5,240,000
Block 39 Project				15,885,000	21,255,000		37,140,000	37,140,000
Koch Mobil				3,950,000			3,950,000	3,950,000
Water Pollution Abatement		380,000					380,000	380,000
Sewer Bonds		3,675,000					3,675,000	3,675,000
Sewer Loan (PFA *)		16,708,614					16,708,614	16,708,614
Water Loan (PFA*)		2,946,242					2,946,242	2,946,242
TOTAL	114,280,000	23,709,856	23,175,000	33,625,000	21,255,000	3,815,000	105,579,856	219,859,856
Percent of Total	52.0%	10.8%	10.5%	15.3%	9.7%	1.7%	48.0%	100.0%

* PFA is the Public Facilities Authority.

** Other Sources are Gross Earnings Franchise Fees.

General Obligation Debt Service

Mission Statement

To prepare financing plans and pay the annual principal and interest on the city's general obligation debt.

Strategic Plan Accomplishments and 2004 Priorities

Major Accomplishments

- Moody's upgraded the city's outlook to positive.
- Standard and Poor's reaffirmed the city's highest possible AAA credit rating in 2004.
- The city sold \$19 million in general obligation capital improvement bonds at a record low 2.52% interest rate.
- The City sold \$3.27 million of capital improvement bonds to refund the 1996 capital improvement bonds resulting in a savings of \$140,000.
- The City sold \$3.95 million of general obligation temporary tax increment bonds to fund the public improvements of phase I of the Koch-Mobil housing project.

2004 Priorities

- Maintain or improve the Aa2 (Moody's) and AAA (Standard & Poor's) ratings assigned to the city's general obligation debt. Strengthen the organizational understanding of the best uses of the general obligation bonding authority.
- Provide Alternate Financing: Provide recommendations for the alternative financing plans for both current and future bond issues. Alternatives to the use of tax levy as financing for the general obligation debt of the city will continue to be explored and recommended where prudent. Continue to review proposals in search for the solutions that serve the city in the long-term, ever mindful of the short-term needs.

Debt Service

Department/Office Director: **MATTHEW G SMITH**

	2002	2003	2004	2005	2005	Change from	
	2nd Prior	Last Year	Adopted	Mayor's	Council	Mayor's	2004
	Exp. & Enc.	Exp. & Enc.	Budget	Proposed	Adopted	Proposed	Adopted
<u>Spending By Unit</u>							
960 GENERAL DEBT SERVICE FUND	23,566,566	27,912,707	41,971,532	41,134,438	40,244,438	-890,000	-1,727,094
961 CITY REV BONDS, LONG TERM DEBT	6,579,729	8,312,125	7,020,202	7,172,768	7,172,768		152,566
963 G.O. SPEC ASSM DEBT SERV FUND	5,980,391	2,802,566	6,056,041	6,111,334	6,111,334		55,293
967 CITY REVENUE NOTES DEBT SERVICE	404,378	705,837	713,066	1,063,336	1,177,996	114,660	464,930
Total Spending by Unit	36,531,064	39,733,235	55,760,841	55,481,876	54,706,536	-775,340	-1,054,305
<u>Spending By Major Object</u>							
SALARIES	134,439	139,957	147,582	146,492	131,202	-15,290	-16,380
SERVICES	22,891	14,947	80,374	81,982	81,982		1,608
MATERIALS AND SUPPLIES	12,442	6,085	6,665	6,798	6,793	-5	128
EMPLOYER FRINGE BENEFITS	41,409	44,931	47,766	45,077	40,372	-4,705	-7,394
MISC TRANSFER CONTINGENCY ETC	310,000	1,408,057	282,488	312,327	426,987	114,660	144,499
DEBT	35,382,657	33,526,886	55,195,966	54,889,200	54,019,200	-870,000	-1,176,766
STREET SEWER BRIDGE ETC IMPROVEMENT	625,000	1,442,372					
EQUIPMENT LAND AND BUILDINGS							
Total Spending by Object	36,528,838	36,583,235	55,760,841	55,481,876	54,706,536	-775,340	-1,054,305
Percent Change from Previous Year		0.1%	52.4%	-0.5%	-1.4%	-1.4%	-1.9%
<u>Financing By Major Object</u>							
GENERAL FUND							
SPECIAL FUND							
TAXES	18,217,860	18,411,855	11,146,665	7,740,283	7,151,783	-588,500	-3,994,882
LICENSES AND PERMITS							
INTERGOVERNMENTAL REVENUE	1,381,605	1,334,090	4,758	426,038	426,038		421,280
FEES, SALES AND SERVICES	15,000	15,000					
ENTERPRISE AND UTILITY REVENUES	114,660	114,660	130,000	130,000		-130,000	-130,000
MISCELLANEOUS REVENUE	13,753,780	13,816,682	10,277,840	10,863,849	10,863,849		586,009
TRANSFERS	4,742,248	11,445,160	7,889,301	12,962,587	13,238,587	276,000	5,349,286
FUND BALANCES			26,312,277	23,359,119	23,026,279	-332,840	-3,285,998
Total Financing by Object	38,225,153	45,137,447	55,760,841	55,481,876	54,706,536	-775,340	-1,054,305
Percent Change from Previous Year		18.1%	23.5%	-0.5%	-1.4%	-1.4%	-1.9%

Budget Explanation

Creating the 2005 Budget Base

The 2004 adopted budget was adjusted to set the budget base for the year 2005. The actual 2004 salary rates were implemented and the cost of one pay day was removed because 2004 was a leap year, with one extra work day. The base includes the planned salaries and growth in fringes for 2005 for employees related to the bargaining process, and a small 2% growth for normal inflation on goods and services. The budget base also reflects the city-wide policy decision to alter the way the costs of workers' compensation are accounted for: moving away from an indirect allocation method and to a direct charge approach recording each department's costs in their own department budget. Finally, a spending reduction was imposed on the department's budget to help control city debt service funds spending, and meet the third round of announced cutbacks in the State's 2005 local government aid funding.

Mayor Recommendations

- The proposed spending in fund 960, general debt service, is \$41,134,438, a decrease of \$837,094 compared to the 2004 adopted budget. The budget proposes issuing \$19,000,000 of capital improvement bonds (CIB) in 2005, and assumes an estimated interest cost of 5% for the bonds to be sold in 2005.

The financing plan has changed significantly. Most of the change is due to recognizing a larger use of sales tax revenues to fund debt service. This allows some tax levy authority to shift to the General Fund to help offset the cutbacks in the State's 2004 Local Government Aid funding. The 2002 and 2003 actuals reflect only the amount actually spent and do not reflect the subsequent year debt that is budgeted in 2004 and 2005.

For funds 960 and 963, the budget includes appropriations for both the amount needed to meet the budget year debt service obligations, and an amount needed to meet the obligations of the first half of the following year (subsequent year). Therefore, the amount appropriated exceeds the amount actually spent in the budget year. This additional amount remains in fund balance to use as a financing source for the subsequent year's debt service payments. While complicated, this budget structure solves a cash flow problem for the city. If this practice was not employed, the city would lack the cash to make the debt service payments due before receiving its major cash infusions each year.

- Spending for fund 961, city revenue bonds, long-term debt, increased by \$152,566. This fund is financed with facility lease payments and Minnesota Wild hockey team revenues (payments in lieu of taxes). These bonds are backed by sales tax revenues. The \$152,566 increase in spending is financed by an increase of \$372,841 in payments in lieu of taxes (PILOT), and a reduction

Mayor Recommendations (continued)

in the use of fund balance by \$220,275.

- Spending for fund 963, general obligation special assessment debt service, increased by \$55,293 compared to 2004. This change is due to issuing larger bond issues over the years and the 2005 bond issue requiring a large first year payment and subsequent year budget. The 2002 and 2003 actuals reflect only the amount actually spent and do not reflect the subsequent year debt that is budgeted in 2004 and 2005.
- Spending for fund 967, city revenue notes debt service, is for a bank note for the purchase of property for the Science Museum, paid by parking revenues and cultural sales tax (STAR) monies. In 2004, the people connection debt service budget was established in order to make the appropriate lease payment to Ramsey County. The people connection is funded by contributions from the Convention & Visitors Bureau, the RiverCentre Authority and Hotel Motel tax receipts. For 2005, the police squad car lease debt service budget was established in order to meet the three year lease schedule for the new vehicles purchased mid-year 2004.

City Council Actions

The city council adopted the Debt Service budgets and recommendations as proposed by the mayor, and approved the following changes recommended by the mayor:

- adjusted the approach to debt management to reflect bond sales with semi-annual debt service payments in September and March instead of the traditional March payment, beginning with the 2005 sale, leaving a portion of the savings in the general debt fund as part of debt fund balance,
- reduced the projected interest rate for the 2005 bond sale to 4%,
- decreased the estimated funding for the hiring of a replacement for the debt manager position,
- recognized alternative financing from the Library Agency, an MCES refund, and canceled CIB projects including Phalen Ice Arena, and
- modified the financing anticipated from current Neighborhood STAR revenues and past Neighborhood STAR project balances.

The City Council made these further changes:

- shifted part of the property tax levy financing from debt service to the City's general fund.

The 2005 adopted budget is \$40,244,438 for the general debt service fund and \$14,462,098 for the other debt service funds.

Property Taxes

Factors Affecting Your City Property Tax Bill

The four most important factors affecting how much a property owner pays in city property taxes are:

- amount of city spending;
- availability of revenues other than property taxes;
- size of the tax base; and
- composition of the tax base

The first two factors, spending and other revenues, affect the total tax dollars that must be levied. The remaining two factors determine the tax levy's distribution among all property tax payers.

City Spending:

The first factor affecting city property tax levels is city spending. It is the only factor that the mayor and city council directly control. Saint Paul must maintain a balanced budget, so all proposed spending must be covered with a financing source. If city spending were the only factor affecting taxes, tax rates would mirror spending exactly.

Other Revenues:

City reliance on property taxes depends on other revenues available to the city. The other dominant revenues are state aids, such as Local Government Aid (LGA), utility fees collected for the use of the city streets and by-ways, transfers from other city funds, collections of motor vehicle-related fines, and interest earnings from cash balances. 2005 is the third year in a row the State reduced the City's LGA: from \$56.5 million to \$53.2 million. LGA is the City's largest general fund revenue source and an important factor in Saint Paul's ability to control property taxes.

Size of the Property Tax Base:

The tax base size can be measured as the sum of the market value of all taxable properties. Yearly changes in market values are attributable to many factors, the most important of which are demand for residential property and mortgage interest rates, and business property lease and occupancy rates. The larger the base, the broader the distribution of the tax burden and the lower the tax rate required.

Composition of the Tax Base:

The composition of the base affects the relative share of the tax levy. The taxable property value, or tax capacity, is not the same on different classes of property. Minnesota's class rate system allocates differing shares of tax burden based on the use of the property. Apartments, residential homes, and commercial/industrial properties have different taxable value (tax capacity). One dollar of commercial/industrial property has a greater tax capacity than one dollar of residential property, due to the class rate structure.

Taxable Market Value

Payable in 2002	\$ 11,226,400,600
Payable in 2003	\$ 12,644,215,800
Payable in 2004	\$ 14,214,708,900
Payable in 2005	\$ 16,418,951,800

Net Tax Capacity

Payable in 2002	\$ 144,738,980
Payable in 2003	\$ 160,526,186
Payable in 2004	\$ 176,760,767
Payable in 2005	\$ 167,311,568

The 2001 Legislature made significant adjustments to the class rates for payable 2002 taxes and subsequent years, reducing the class rates for large businesses, rental residential and homes valued over \$76,000. The payable 2005 class rates are compared to the payable 2001 rates below.

Property Class Rates **

	Pay 2001	Pay 2005
Homestead Residential \$0-\$76,000 EMV	1.00%	1.00%
Homestead Residential \$76,000-\$500,000 EMV	1.65%	1.00%
Homestead Residential over \$500,000 EMV	1.65%	1.25%
Non-Homestead Resid. single unit up to \$500,000	1.20%	1.00%
Non-Homestead Resid. single unit over \$500,000	1.65%	1.25%
Non-Homestead Residential 2 or 3 units	1.65%	1.25%
Non-Homestead Residential 4 or more units	2.40%	1.25%
Commercial/Industrial < \$150,000	2.40%	1.50%
Commercial/Industrial > \$150,000	3.40%	2.00%

EMV: estimate market value

** Class rate percentages are applied to the Estimated Market Values of property to reach Taxable Values. The tax rate (formerly mill rate) is applied against the taxable values to determine the gross payable tax.

If the total value in one property class grows faster than the other classes, those property owners' tax share increases.

2005 Adopted Budget and Levy

The 2005 adopted City levy is \$63.927 million levy, the same as 2004's.

Of the adopted \$63.927 million levy, \$45.64 million is for city operations, \$6.66 million is for debt service, and \$1.31 million is levied on the Port Authority's behalf. The remaining \$10.32 million levy is for the St. Paul Public Library Agency's operations and debt service. This levy reflects a shift of levy from City operations and debt service to the independent Library Agency.

Tax Dollars and the Services They Buy

Taxpayers often wonder what happens to the property taxes they pay. Here is an example for a typical home in Saint Paul in 2005:

The property tax bill is a combined statement covering the City of Saint Paul, School District 625, Ramsey County, and other “special taxing districts” such as the Metropolitan Council and local watershed districts. In 2005, a home with a taxable value of \$132,000 will have an estimated total property tax bill of \$1,298.

Of the total property tax bill, the single largest share goes to the county and then to the school district. The City receives about 26% of the total tax payment-\$336 in this example.

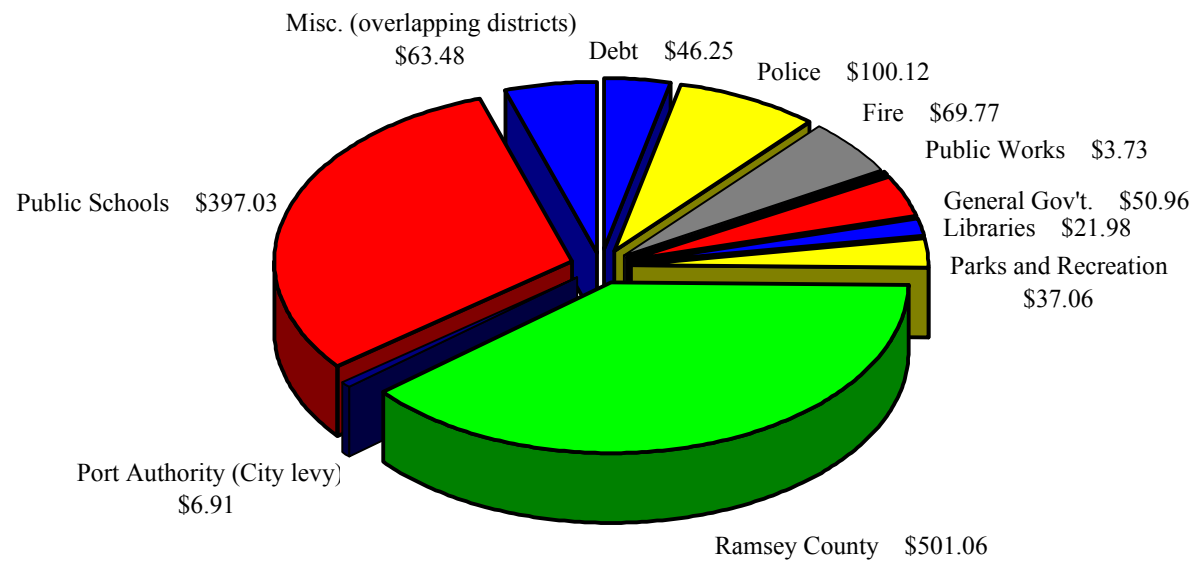
The property tax payment to the City of Saint Paul helps pay a share of the operating costs of city government. For the typical home in this example, the property tax payment would break down to the following amounts:

- \$100 per year for police services
- \$70 per year for fire and emergency medical services
- \$37 per year to operate and maintain the park and recreation system
- \$22 per year to operate and buy materials for the Saint Paul Public Library
- \$46 per year for capital debt service-the cost of building new libraries, recreation centers and playgrounds, and street construction

Property taxes cover only a small part of the total cost of services. In total, property taxes supply only about 13% of the City’s total revenue, and cover just over 31% of the general fund budget. In comparison, the City’s 2005 property tax levy for all purposes-- about \$64 million-- is less than the total proposed operating budget of the Police Department alone.

Estimated 2005 Saint Paul Property Taxes

2005 TNT Tax Rates Applied to a Typical Home valued at \$132,200



City	26.0%
County	38.6%
Schools	30.6%
Other	4.9%
	<hr/>
	100%